

## **D - Department of Education**

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## **D - Department of Education**

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## HOUSE BUDGET REPORT - 2006 REGULAR SESSION OF THE GENERAL ASSEMBLY

## D - Department of Education

## Operating Budget

## Summary Totals

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	House Budget	Difference	Branch Budget	House Budget	Difference	Branch Budget	House Budget	Difference
<b>I. APPROPRIATIONS SUMMARY BY FUND SOURCE</b>									
General Fund (Tobacco)	1,888,400	1,888,400		1,388,400	1,388,400		1,508,400	1,508,400	
General Fund	3,385,590,700	3,385,590,700		3,555,007,600	3,505,550,100	(49,457,500)	3,752,161,200	3,831,389,600	79,228,400
Restricted Funds	4,943,400	4,943,400		9,831,300	9,831,300		9,831,300	9,831,300	
Federal Funds	687,250,500	687,250,500		687,646,900	687,646,900		687,371,400	687,371,400	
<b>Regular Total Funds</b>	<b>4,079,673,000</b>	<b>4,079,673,000</b>		<b>4,253,874,200</b>	<b>4,204,416,700</b>	<b>(49,457,500)</b>	<b>4,450,872,300</b>	<b>4,530,100,700</b>	<b>79,228,400</b>
Use of Continuing	7,300,600	7,300,600							
<b>TOTAL FUNDS</b>	<b>4,086,973,600</b>	<b>4,086,973,600</b>		<b>4,253,874,200</b>	<b>4,204,416,700</b>	<b>(49,457,500)</b>	<b>4,450,872,300</b>	<b>4,530,100,700</b>	<b>79,228,400</b>

**II. EXPENDITURE CATEGORY**

Personnel Costs	61,918,700	61,918,700		62,609,900	62,609,900		63,411,700	63,411,700	
Operating Expenses	18,671,200	18,671,200		24,646,600	24,646,600		34,589,300	34,589,300	
Grants, Loans, Benefits	4,006,383,700	4,006,383,700		4,166,617,700	4,117,160,200	(49,457,500)	4,347,670,300	4,423,369,700	75,699,400
Debt Service							5,201,000	8,730,000	3,529,000
<b>TOTAL EXPENDITURES</b>	<b>4,086,973,600</b>	<b>4,086,973,600</b>		<b>4,253,874,200</b>	<b>4,204,416,700</b>	<b>(49,457,500)</b>	<b>4,450,872,300</b>	<b>4,530,100,700</b>	<b>79,228,400</b>

**III. BASE LEVEL BUDGET BY FUND SOURCE**

General Fund (Tobacco)	1,888,400	1,888,400		1,388,400	1,388,400		1,508,400	1,508,400	
General Fund	3,385,590,700	3,385,590,700		3,389,445,400	3,383,712,600	(5,732,800)	3,390,468,700	3,386,468,700	(4,000,000)
Restricted Funds	4,943,400	4,943,400		4,787,900	4,787,900		4,785,000	4,785,000	
Federal Funds	687,250,500	687,250,500		687,646,900	687,646,900		687,371,400	687,371,400	
<b>Regular Total Funds</b>	<b>4,079,673,000</b>	<b>4,079,673,000</b>		<b>4,083,268,600</b>	<b>4,077,535,800</b>	<b>(5,732,800)</b>	<b>4,084,133,500</b>	<b>4,080,133,500</b>	<b>(4,000,000)</b>
Use of Continuing	7,300,600	7,300,600							
<b>TOTAL BASE LEVEL</b>	<b>4,086,973,600</b>	<b>4,086,973,600</b>		<b>4,083,268,600</b>	<b>4,077,535,800</b>	<b>(5,732,800)</b>	<b>4,084,133,500</b>	<b>4,080,133,500</b>	<b>(4,000,000)</b>

**IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE**

General Fund				165,562,200	121,837,500	(43,724,700)	361,692,500	444,920,900	83,228,400
Restricted Funds				5,043,400	5,043,400		5,046,300	5,046,300	
<b>TOTAL ADDITIONAL</b>				<b>170,605,600</b>	<b>126,880,900</b>	<b>(43,724,700)</b>	<b>366,738,800</b>	<b>449,967,200</b>	<b>83,228,400</b>

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## HOUSE BUDGET REPORT - 2006 REGULAR SESSION OF THE GENERAL ASSEMBLY

## D - Department of Education

## Capital Budget

## Summary Totals

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	House Budget	Difference	Branch Budget	House Budget	Difference	Branch Budget	House Budget	Difference
<b>I. CAPITAL PROJECT RECAP BY FUND SOURCE</b>									
Bond Funds				37,350,000	88,650,000	51,300,000			
Investment Income				675,000	675,000		675,000	675,000	
<b>TOTAL CAPITAL</b>				<b>38,025,000</b>	<b>89,325,000</b>	<b>51,300,000</b>	<b>675,000</b>	<b>675,000</b>	

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## HOUSE BUDGET REPORT - 2006 REGULAR SESSION OF THE GENERAL ASSEMBLY

## D - Department of Education

## Operating Budget

## Executive Policy and Management

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	House Budget	Difference	Branch Budget	House Budget	Difference	Branch Budget	House Budget	Difference
<b>I. APPROPRIATIONS SUMMARY BY FUND SOURCE</b>									
General Fund	662,900	662,900		672,000	672,000		679,800	679,800	
<b>Regular Total Funds</b>	<b>662,900</b>	<b>662,900</b>		<b>672,000</b>	<b>672,000</b>		<b>679,800</b>	<b>679,800</b>	
Use of Continuing									
<b>TOTAL FUNDS</b>	<b>662,900</b>	<b>662,900</b>		<b>672,000</b>	<b>672,000</b>		<b>679,800</b>	<b>679,800</b>	
<b>II. EXPENDITURE CATEGORY</b>									
Personnel Costs	536,400	536,400		536,900	536,900		544,700	544,700	
Operating Expenses	126,500	126,500		135,100	135,100		135,100	135,100	
<b>TOTAL EXPENDITURES</b>	<b>662,900</b>	<b>662,900</b>		<b>672,000</b>	<b>672,000</b>		<b>679,800</b>	<b>679,800</b>	
<b>III. BASE LEVEL BUDGET BY FUND SOURCE</b>									
General Fund	662,900	662,900		672,000	672,000		679,800	679,800	
<b>Regular Total Funds</b>	<b>662,900</b>	<b>662,900</b>		<b>672,000</b>	<b>672,000</b>		<b>679,800</b>	<b>679,800</b>	
Use of Continuing									
<b>TOTAL BASE LEVEL</b>	<b>662,900</b>	<b>662,900</b>		<b>672,000</b>	<b>672,000</b>		<b>679,800</b>	<b>679,800</b>	

**Fiscal Biennium 2006-2008  
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**Executive Policy and Management**

**BRANCH BUDGET**

The State/Executive Branch Budget Bill continues services and statutory programs in fiscal biennium 2006-2008 based upon extending the reduced fiscal year 2005-2006 funding level as revised by the Governor's fiscal year 2005-2006 Budget Stability Initiative. This initiative is projected to contribute \$142,500,000 to the General Fund during fiscal year 2005-2006.

The State/Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy addresses increments, retirement, health insurance, and personnel complement.

The State/Executive Branch Budget Bill, Part I, Operating Budget includes language provisions that direct:

**"Employment of Personnel:** Notwithstanding KRS 18A.115, the Department of Education may fill, through memoranda of agreement, not more than 50 percent of its existing authorized positions below the division director level with individuals employed as school administrators and educators in Kentucky."

**"Employment of Leadership Personnel:** Notwithstanding KRS 18A.005 to 18A.200, the Kentucky Board of Education shall continue to have sole authority to determine the employees of the Department of Education who are exempt from the classified service and to set their compensation comparable to the competitive market."

**HOUSE REPORT**

The House concurs with the Branch.

## HOUSE BUDGET REPORT - 2006 REGULAR SESSION OF THE GENERAL ASSEMBLY

## D - Department of Education

## Operating Budget

## Operations and Support Services

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	House Budget	Difference	Branch Budget	House Budget	Difference	Branch Budget	House Budget	Difference
<b>I. APPROPRIATIONS SUMMARY BY FUND SOURCE</b>									
General Fund	31,391,500	31,391,500		37,125,500	37,125,500		52,577,400	56,106,400	3,529,000
Restricted Funds	2,322,200	2,322,200		7,210,100	7,210,100		7,210,100	7,210,100	
Federal Funds	8,527,800	8,527,800		8,527,800	8,527,800		8,527,800	8,527,800	
<b>Regular Total Funds</b>	<b>42,241,500</b>	<b>42,241,500</b>		<b>52,863,400</b>	<b>52,863,400</b>		<b>68,315,300</b>	<b>71,844,300</b>	<b>3,529,000</b>
Use of Continuing									
<b>TOTAL FUNDS</b>	<b>42,241,500</b>	<b>42,241,500</b>		<b>52,863,400</b>	<b>52,863,400</b>		<b>68,315,300</b>	<b>71,844,300</b>	<b>3,529,000</b>
<b>II. EXPENDITURE CATEGORY</b>									
Personnel Costs	9,759,600	9,759,600		10,088,100	10,088,100		10,337,400	10,337,400	
Operating Expenses	4,254,100	4,254,100		9,547,500	9,547,500		19,549,100	19,549,100	
Grants, Loans, Benefits	28,227,800	28,227,800		33,227,800	33,227,800		33,227,800	33,227,800	
Debt Service							5,201,000	8,730,000	3,529,000
<b>TOTAL EXPENDITURES</b>	<b>42,241,500</b>	<b>42,241,500</b>		<b>52,863,400</b>	<b>52,863,400</b>		<b>68,315,300</b>	<b>71,844,300</b>	<b>3,529,000</b>
<b>III. BASE LEVEL BUDGET BY FUND SOURCE</b>									
General Fund	31,391,500	31,391,500		31,825,500	31,825,500		32,076,400	32,076,400	
Restricted Funds	2,322,200	2,322,200		2,166,700	2,166,700		2,163,800	2,163,800	
Federal Funds	8,527,800	8,527,800		8,527,800	8,527,800		8,527,800	8,527,800	
<b>Regular Total Funds</b>	<b>42,241,500</b>	<b>42,241,500</b>		<b>42,520,000</b>	<b>42,520,000</b>		<b>42,768,000</b>	<b>42,768,000</b>	
Use of Continuing									
<b>TOTAL BASE LEVEL</b>	<b>42,241,500</b>	<b>42,241,500</b>		<b>42,520,000</b>	<b>42,520,000</b>		<b>42,768,000</b>	<b>42,768,000</b>	
<b>IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE</b>									
General Fund				5,300,000	5,300,000		20,501,000	24,030,000	3,529,000
Restricted Funds				5,043,400	5,043,400		5,046,300	5,046,300	
<b>TOTAL ADDITIONAL</b>				<b>10,343,400</b>	<b>10,343,400</b>		<b>25,547,300</b>	<b>29,076,300</b>	<b>3,529,000</b>
<b>V. ADDITIONAL BUDGET ITEMS</b>									
<b>1</b>	<b>EXPAN Operations and Support Services - Education Technology</b>								
ABR540B0005	Provide coal severance funds for education technology for coal producing counties.								
Restricted Funds				5,000,000	5,000,000		5,000,000	5,000,000	
<b>Project Total</b>				<b>5,000,000</b>	<b>5,000,000</b>		<b>5,000,000</b>	<b>5,000,000</b>	
<b>2</b>	<b>GB Operations and Support Services - Administrative Services</b>								
ABR540B0003	Provide funds for one (1) vacant Administrative Specialist position.								
Restricted Funds				43,400	43,400		46,300	46,300	
<b>Project Total</b>				<b>43,400</b>	<b>43,400</b>		<b>46,300</b>	<b>46,300</b>	

## HOUSE BUDGET REPORT - 2006 REGULAR SESSION OF THE GENERAL ASSEMBLY

## D - Department of Education

## Operating Budget

## Operations and Support Services

Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
Branch Budget	House Budget	Difference	Branch Budget	House Budget	Difference	Branch Budget	House Budget	Difference
<b>3 NEW</b>	<b>Operations and Support Services - IT Capital Projects</b>							
ABR540B0009	Provide funds for operational components of recommended information technology projects.							
General Fund			5,300,000	5,300,000		15,300,000	15,300,000	
<b>Project Total</b>			<b>5,300,000</b>	<b>5,300,000</b>		<b>15,300,000</b>	<b>15,300,000</b>	
<b>4 NEW</b>	<b>Debt Service</b>							
ABR540B0008	Provide General Fund debt service for \$37.35M for Capital Projects. HOUSE: Provide half year debt service in FY 2007-08 for \$87.15M for IT capital projects and \$1.5M project for the Rockcastle County Vocational and Technical School.							
General Fund						5,201,000	8,730,000	3,529,000
<b>Project Total</b>						<b>5,201,000</b>	<b>8,730,000</b>	<b>3,529,000</b>
<b>TOTAL ADDITIONAL</b>			<b>10,343,400</b>	<b>10,343,400</b>		<b>25,547,300</b>	<b>29,076,300</b>	<b>3,529,000</b>

## TRANSFERS TO THE GENERAL FUND

## Operations and Support Services

Agency Revenue Fund	150,000	150,000
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<b>TOTAL</b>	<b>150,000</b>	<b>150,000</b>
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**Operations and Support Services**

**BRANCH BUDGET**

The State/Executive Branch Budget Bill continues services and statutory programs in fiscal biennium 2006-2008 based upon extending the reduced fiscal year 2005-2006 funding level as revised by the Governor's fiscal year 2005-2006 Budget Stability Initiative. This initiative is projected to contribute \$142,500,000 to the General Fund during fiscal year 2005-2006.

The State/Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy addresses increments, retirement, health insurance, and personnel complement.

The State/Executive Branch Budget Bill, Part V, Funds Transfer, includes a transfer from Operations and Support Services, Restricted Funds of \$150,000 in fiscal year 2005-2006.

The State/Executive Branch Budget Bill, Part I, Operating Budget includes language provisions that direct:

**"Teachers' Retirement System Employer Match:** Included in the above General Fund appropriation is \$2,705,600 in fiscal year 2006-2007 and \$2,840,900 in fiscal year 2007-2008 to enable the Department of Education to provide the employer match for the teacher retirement contribution for qualified employees as provided by KRS 161.550."

**"Debt Service:** Included in the above General Fund appropriation is \$5,201,000 in fiscal year 2007-2008 to provide for debt service for new bonds as set forth in Part II, Capital Projects Budget, of this Act."

**"School Technology in Coal Counties:** Included in the above Restricted Funds appropriation is \$5,000,000 in each fiscal year from the Local Government Economic Development Multi-County Fund for the purpose of enhancing education technology in local school districts within coal-producing counties."

**"Management Assistance Program:** Included in the above General Fund appropriation is \$200,000 in each fiscal year for the Management Assistance Program."

The State/Executive Branch Budget Bill, Part II, Capital Projects Budget, includes a language provision as follows:

"P-16 Education IT Integration Initiative"

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**Operations and Support Services**

"The Commissioner of the Department of Education, the Secretary of the Education Cabinet, the President of the Council on Postsecondary Education, and the Executive Director of the Education Professional Standards Board shall submit a coordinated plan for the expenditure of these funds to the State Budget Director and the Secretary of the Finance and Administration Cabinet for approval prior to the expenditure of these funds. The approved plan shall be provided to the Interim Joint Committee on Appropriations and Revenue."

The State/Executive Branch Budget Bill provides General Fund resources of \$5,300,000 in fiscal year 2006-2007 and \$15,300,000 in fiscal year 2007-2008 for operational support of the three capital projects identified in Part II, Capital Projects Budget, of this Act.

**HOUSE REPORT**

The House concurs with the Branch with the following changes:

The House does not provide General Fund support for debt service for the P-16 Education IT Integration Initiative.

The House provides a reduced level of General Fund support for debt service for the Knowledge Management Portal as set forth in Part II of this act.

The House provides General Fund support totaling \$8,730,000 for debt service for new bonds as set forth in Part II of this act.

The House amends the State/Executive Branch Budget Bill, Part I, Operating Budget, to amend the following language provisions.

**"Debt Service:** Included in the above General Fund appropriation is \$8,730,000 in fiscal year 2007-2008 to provide for debt service for new bonds as set forth in Part II, Capital Projects Budget, of this Act. Included in the \$8,730,000 is \$620,000 in fiscal year 2007-2008 to provide debt service for new bonds for a high-speed education telecommunications network that supports a set of seamless P-16 management, instructional, and research applications. The network shall consist of 100 MBPS to at least 40 percent of Kentucky's local school districts and at least ten MBPS to the remaining local school districts. Included in the \$8,730,000 is \$696,000 in fiscal year 2007-2008 to provide debt service for a functionally robust and modern system to ensure the efficient collection and management of student information, including a unique student identifier, at the school, district, and state levels. Included in the \$8,730,000 is \$1,044,000 in fiscal year 2007-2008 to provide debt service for a Web-based, on-line testing program that provides a quicker return of test results, student accountability, and assessment integration into teaching and learning situations on a real-time basis. Included in the \$8,730,000 is \$229,000 in fiscal year 2007-2008 to provide debt service for a knowledge management portal that will provide K-

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**Operations and Support Services**

12 public educators with intuitive access to indexed, aligned, and well-organized Web-based instructional resources such as units of study that connect curriculum, instruction, and assessment with other data generated by schools and the Kentucky Department of Education. Included in the \$8,730,000 is \$6,069,000 in fiscal year 2007-2008 to provide debt service for the purchase of modern workstations, stationary or mobile, for public K-12 schools to support advanced instructional activities, including on-line learning and Internet 2 instructional activities. The Kentucky Board of Education shall approve a plan for distribution of the workstations. Included in the \$8,730,000 is \$72,000 in fiscal year 2007-2008 to provide debt service for the Rockcastle County Vocational and Technical Center."

**"School Technology in Coal Counties:** Included in the above Restricted Funds appropriation is \$5,000,000 in each fiscal year from the Local Government Economic Development Multi-County Fund for the purpose of enhancing education technology in local school districts within coal-producing counties. The Commissioner of the Department of Education is authorized to use up to \$1,000,000 of the above \$5,000,000 appropriation in each fiscal year to make offers of assistance to qualifying local school districts in coal-producing counties to fund technology projects; to be eligible for these offers of assistance, local school districts may be required to provide a match of not more than two to one from any of their other funding sources. The Commissioner of the Department of Education shall use \$2,500,000 of the above \$5,000,000 appropriation in each fiscal year to be distributed as grants to school districts in coal-producing counties for grid computing projects in accordance with KRS 158.807. The Commissioner of the Department of Education shall distribute the remainder of the above \$5,000,000 appropriation to coal-producing counties in a manner consistent with distributions to local school districts from the Kentucky Education Technology System; these funds shall be in addition to any regular distribution to coal-producing counties from the Kentucky Education Technology System."

The House amends the State/Executive Branch Budget Bill, Part I, Operating Budget, to include the following language provision.

**"Education Technology Program:** Included in the above General Fund appropriation is \$19,500,000 in each fiscal year for the Education Technology Program."

The House amends the State/Executive Branch Budget Bill, Part II, Capital Budget, to not provide Bond Funds totaling \$16,100,000 for the P-16 Education IT Integration Initiative.

The House amends the State/Executive Branch Budget Bill, Part II, Capital Budget, to provide a reduced level of Bond Funds totaling \$3,250,000 for the Knowledge Management Portal.

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**Operations and Support Services**

The House amends the State/Executive Branch Budget Bill, Part II, Capital Budget, to include Bond Funds totaling \$50,000,000 for the Education Technology Pool.

The House amends the State/Executive Branch Budget Bill, Part II, Capital Budget, to include Bond Funds totaling \$10,000,000 for the Student Information System.

The House amends the State/Executive Branch Budget Bill, Part II, Capital Budget, to include Bond Funds totaling \$8,900,000 for the Kentucky Education Network.

The House amends the State/Executive Branch Budget Bill, Part II, Capital Budget, to include Bond Funds totaling \$1,500,000 for the Rockcastle County Vocational and Technical Center.

The House adds in Part II, Capital Budget, a language provision as follows:

"Kentucky Education Network"

"The Secretary of the Education Cabinet, the Commissioner of the Department of Education, the President of the Council on Postsecondary Education, the Secretary of the Finance and Administration Cabinet, and the Executive Director of the Education Professional Standards Board shall submit a coordinated implementation plan with timelines and regular progress reports to the Interim Joint Committee on Appropriations and Revenue. All expenditures shall require the prior approval of the Secretary of the Finance and Administration Cabinet."



## HOUSE BUDGET REPORT - 2006 REGULAR SESSION OF THE GENERAL ASSEMBLY

## D - Department of Education

## Capital Budget

## Operations and Support Services

Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
Branch Budget	House Budget	Difference	Branch Budget	House Budget	Difference	Branch Budget	House Budget	Difference
<b>I. CAPITAL PROJECT RECAP BY FUND SOURCE</b>								
Bond Funds			37,350,000	88,650,000	51,300,000			
Investment Income			675,000	675,000		675,000	675,000	
<b>TOTAL CAPITAL</b>			<b>38,025,000</b>	<b>89,325,000</b>	<b>51,300,000</b>	<b>675,000</b>	<b>675,000</b>	
<b>II. CAPITAL PROJECTS</b>								
<b>1</b>	<b>Maintenance Pool</b>							
PRJ540B1450								
Investment Income			675,000	675,000		675,000	675,000	
<b>Project Total</b>			<b>675,000</b>	<b>675,000</b>		<b>675,000</b>	<b>675,000</b>	
<b>2</b>	<b>On-Line Assessment</b>							
PRJ540B1453								
Bond Funds			15,000,000	15,000,000				
<b>Project Total</b>			<b>15,000,000</b>	<b>15,000,000</b>				
<b>3</b>	<b>Knowledge Management Portal</b>							
PRJ540B1451								
Bond Funds			6,250,000	3,250,000	(3,000,000)			
<b>Project Total</b>			<b>6,250,000</b>	<b>3,250,000</b>	<b>(3,000,000)</b>			
<b>4</b>	<b>P-16 Education IT Integration Initiative</b>							
PRJ540B1454								
Bond Funds			16,100,000		(16,100,000)			
<b>Project Total</b>			<b>16,100,000</b>		<b>(16,100,000)</b>			
<b>5</b>	<b>Education Technology Pool</b>							
PRJ540B1456								
Bond Funds				50,000,000	50,000,000			
<b>Project Total</b>				<b>50,000,000</b>	<b>50,000,000</b>			
<b>6</b>	<b>Rockcastle County Vocational and Technical Center</b>							
PRJ540B1458								
Bond Funds				1,500,000	1,500,000			
<b>Project Total</b>				<b>1,500,000</b>	<b>1,500,000</b>			

## HOUSE BUDGET REPORT - 2006 REGULAR SESSION OF THE GENERAL ASSEMBLY

**D - Department of Education****Capital Budget****Operations and Support Services**

Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
Branch Budget	House Budget	Difference	Branch Budget	House Budget	Difference	Branch Budget	House Budget	Difference
7	Student Information System							
PRJ540B1452								
Bond Funds				10,000,000	10,000,000			
Project Total				10,000,000	10,000,000			
8	Kentucky Education Network							
PRJ540B1460								
Bond Funds				8,900,000	8,900,000			
Project Total				8,900,000	8,900,000			
TOTAL CAPITAL			38,025,000	89,325,000	51,300,000	675,000	675,000	

## HOUSE BUDGET REPORT - 2006 REGULAR SESSION OF THE GENERAL ASSEMBLY

## D - Department of Education

## Operating Budget

## Learning and Results Services

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	House Budget	Difference	Branch Budget	House Budget	Difference	Branch Budget	House Budget	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund (Tobacco)	1,888,400	1,888,400		1,388,400	1,388,400		1,508,400	1,508,400	
General Fund	758,643,600	758,643,600		836,774,700	786,842,400	(49,932,300)	883,086,300	822,779,200	(60,307,100)
Restricted Funds	2,621,200	2,621,200		2,621,200	2,621,200		2,621,200	2,621,200	
Federal Funds	678,722,700	678,722,700		679,119,100	679,119,100		678,843,600	678,843,600	
Regular Total Funds	1,441,875,900	1,441,875,900		1,519,903,400	1,469,971,100	(49,932,300)	1,566,059,500	1,505,752,400	(60,307,100)
Use of Continuing	7,300,600	7,300,600							
TOTAL FUNDS	1,449,176,500	1,449,176,500		1,519,903,400	1,469,971,100	(49,932,300)	1,566,059,500	1,505,752,400	(60,307,100)
II. EXPENDITURE CATEGORY									
Personnel Costs	51,622,700	51,622,700		51,984,900	51,984,900		52,529,600	52,529,600	
Operating Expenses	14,290,600	14,290,600		14,964,000	14,964,000		14,905,100	14,905,100	
Grants, Loans, Benefits	1,383,263,200	1,383,263,200		1,452,954,500	1,403,022,200	(49,932,300)	1,498,624,800	1,438,317,700	(60,307,100)
TOTAL EXPENDITURES	1,449,176,500	1,449,176,500		1,519,903,400	1,469,971,100	(49,932,300)	1,566,059,500	1,505,752,400	(60,307,100)
III. BASE LEVEL BUDGET BY FUND SOURCE									
General Fund (Tobacco)	1,888,400	1,888,400		1,388,400	1,388,400		1,508,400	1,508,400	
General Fund	758,643,600	758,643,600		762,055,200	756,322,400	(5,732,800)	762,819,800	758,819,800	(4,000,000)
Restricted Funds	2,621,200	2,621,200		2,621,200	2,621,200		2,621,200	2,621,200	
Federal Funds	678,722,700	678,722,700		679,119,100	679,119,100		678,843,600	678,843,600	
Regular Total Funds	1,441,875,900	1,441,875,900		1,445,183,900	1,439,451,100	(5,732,800)	1,445,793,000	1,441,793,000	(4,000,000)
Use of Continuing	7,300,600	7,300,600							
TOTAL BASE LEVEL	1,449,176,500	1,449,176,500		1,445,183,900	1,439,451,100	(5,732,800)	1,445,793,000	1,441,793,000	(4,000,000)
IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE									
General Fund				74,719,500	30,520,000	(44,199,500)	120,266,500	63,959,400	(56,307,100)
TOTAL ADDITIONAL				74,719,500	30,520,000	(44,199,500)	120,266,500	63,959,400	(56,307,100)
V. ADDITIONAL BUDGET ITEMS									
1 DC	Learning and Results Services - Local District Health Insurance								
ABR540DDC000	Provide funds for Local District Health Insurance. HOUSE: Provides funds to support projected health insurance costs based on revised actuarial analysis.								
General Fund				46,267,200		(46,267,200)	91,314,200	32,314,200	(59,000,000)
Project Total				46,267,200		(46,267,200)	91,314,200	32,314,200	(59,000,000)

## HOUSE BUDGET REPORT - 2006 REGULAR SESSION OF THE GENERAL ASSEMBLY

## D - Department of Education

## Operating Budget

## Learning and Results Services

			Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
			Branch Budget	House Budget	Difference	Branch Budget	House Budget	Difference	Branch Budget	House Budget	Difference
<b>2</b>	<b>GB</b>	<b>Learning and Results Services - Early Childhood Education</b>									
ABR540D0018		Provide funds for preschool services for children under 150% of the federal poverty level. HOUSE: Provide additional funds to support preschool services for children under 200% of federal poverty level.									
General Fund				23,502,300		27,500,000	3,997,700		23,502,300	27,500,000	3,997,700
<b>Project Total</b>				<b>23,502,300</b>		<b>27,500,000</b>	<b>3,997,700</b>		<b>23,502,300</b>	<b>27,500,000</b>	<b>3,997,700</b>
<b>3</b>	<b>GB</b>	<b>Learning and Results Services - Career and Technical Education</b>									
ABR540D0012		Provide funds for Jessamine Co. and Johnson Co. vocational schools. HOUSE: Provide additional funds equal to percentage increase for State Run Vocational Schools and funding for Bath Co. vocational program.									
General Fund				700,000		960,000	260,000		700,000	1,190,000	490,000
<b>Project Total</b>				<b>700,000</b>		<b>960,000</b>	<b>260,000</b>		<b>700,000</b>	<b>1,190,000</b>	<b>490,000</b>
<b>4</b>	<b>EXPAN</b>	<b>Learning and Results Services - Read to Achieve</b>									
ABR540D0022		Provide coal severance funds for reading program in coal producing counties. HOUSE: Does not provide expansion funds for the program in FY 2006-07 and does not provide funds for the program in FY 2007-08.									
General Fund				4,000,000			(4,000,000)		4,000,000		(4,000,000)
<b>Project Total</b>				<b>4,000,000</b>			<b>(4,000,000)</b>		<b>4,000,000</b>		<b>(4,000,000)</b>
<b>5</b>	<b>NEW</b>	<b>Learning and Results Services - Ready, Set, Success Program</b>									
ABR540D0030		Provide funds for the Ready, Set, Success program focused on readiness of children under six (6) years of age. HOUSE: Does not provide funds for the program.									
General Fund				250,000			(250,000)		750,000		(750,000)
<b>Project Total</b>				<b>250,000</b>			<b>(250,000)</b>		<b>750,000</b>		<b>(750,000)</b>
<b>6</b>	<b>EXPAN</b>	<b>Learning and Results Services - Save the Children, Rural Literacy Program</b>									
ABR540D0031		Provide funds for the Save the Children Rural Literacy Program									
General Fund						250,000	250,000			250,000	250,000
<b>Project Total</b>						<b>250,000</b>	<b>250,000</b>			<b>250,000</b>	<b>250,000</b>
<b>7</b>	<b>EXPAN</b>	<b>Learning and Results Services - Community Education</b>									
ABR540D0032		Provide funds for 30 additional community education programs.									
General Fund						600,000	600,000			600,000	600,000
<b>Project Total</b>						<b>600,000</b>	<b>600,000</b>			<b>600,000</b>	<b>600,000</b>
<b>8</b>	<b>NEW</b>	<b>Learning and Results Services - Partnership for Student Success</b>									
ABR540D0033		Provide funds for the Partnership for Student Success program to develop pilot programs for increased parent and community involvement in K-12 education.									
General Fund										430,000	430,000
<b>Project Total</b>										<b>430,000</b>	<b>430,000</b>

## HOUSE BUDGET REPORT - 2006 REGULAR SESSION OF THE GENERAL ASSEMBLY

**D - Department of Education****Operating Budget****Learning and Results Services**

			Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
			Branch Budget	House Budget	Difference	Branch Budget	House Budget	Difference	Branch Budget	House Budget	Difference
<b>9</b>	<b>NEW</b>	<b>Learning and Results Services - School Based Health Centers</b>									
ABR540D0034		Provide funds for School Based Health Centers and School Based Health Center pilot programs									
General Fund							100,000	100,000		100,000	100,000
<b>Project Total</b>							<b>100,000</b>	<b>100,000</b>		<b>100,000</b>	<b>100,000</b>
<b>10</b>	<b>NEW</b>	<b>Learning and Results Services - Internet 2 Project</b>									
ABR540D0035		Provide funds for equipment to support Internet 2 project in district 177.									
General Fund							15,000	15,000		15,000	15,000
<b>Project Total</b>							<b>15,000</b>	<b>15,000</b>		<b>15,000</b>	<b>15,000</b>
<b>11</b>	<b>NEW</b>	<b>Learning and Results Services - At Risk Program</b>									
ABR540D0036		Provide funds for program for At Risk students in district 181.									
General Fund							10,000	10,000		10,000	10,000
<b>Project Total</b>							<b>10,000</b>	<b>10,000</b>		<b>10,000</b>	<b>10,000</b>
<b>12</b>	<b>EXPAN</b>	<b>Learning and Results Services - State Agency Children</b>									
ABR540D0037		Provide additional support for the education of children in state agency programs.									
General Fund							500,000	500,000		1,000,000	1,000,000
<b>Project Total</b>							<b>500,000</b>	<b>500,000</b>		<b>1,000,000</b>	<b>1,000,000</b>
<b>13</b>	<b>EXPAN</b>	<b>Learning and Results Services - Safe Schools Program</b>									
ABR540D0038		Provide additional funds for the Safe Schools program.									
General Fund							500,000	500,000		500,000	500,000
<b>Project Total</b>							<b>500,000</b>	<b>500,000</b>		<b>500,000</b>	<b>500,000</b>
<b>14</b>	<b>EXPAN</b>	<b>Learning and Results Services - Carpentry Program Grant</b>									
ABR540D0039		Provide funds for the carpentry program at the Mayfield/Graves County Area Technology Center									
General Fund							85,000	85,000		50,200	50,200
<b>Project Total</b>							<b>85,000</b>	<b>85,000</b>		<b>50,200</b>	<b>50,200</b>
<b>TOTAL ADDITIONAL</b>						<b>74,719,500</b>	<b>30,520,000</b>	<b>(44,199,500)</b>	<b>120,266,500</b>	<b>63,959,400</b>	<b>(56,307,100)</b>

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**BRANCH BUDGET**

The State/Executive Branch Budget Bill continues services and statutory programs in fiscal biennium 2006-2008 based upon extending the reduced fiscal year 2005-2006 funding level as revised by the Governor's fiscal year 2005-2006 Budget Stability Initiative. This initiative is projected to contribute \$142,500,000 to the General Fund during fiscal year 2005-2006.

The State/Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy addresses increments, retirement, health insurance, and personnel complement.

The State/Executive Branch Budget Bill, Part V, Funds Transfer, includes a transfer from the School Districts Flexible Spending Account Expendable Trust Fund, Restricted Funds of \$7,000,000 in fiscal year 2005-2006, \$12,000,000 in fiscal year 2006-2007, and \$12,000,000 in fiscal year 2007-2008.

The State/Executive Branch Budget Bill, Part X, Phase I Tobacco Settlement provides General Fund - Phase I Tobacco Settlement Funds totaling \$1,388,400 in fiscal year 2006-2007 and \$1,508,400 in fiscal year 2007-2008 for Early Childhood initiatives.

The State/Executive Branch Budget Bill, Part I, Operating Budget includes language provisions that direct:

**"Funding for Employer Health and Life Insurance:** If the costs for health insurance or life insurance coverage for employees of local school districts exceed the levels of appropriated funds, any unexpended Support Education Excellence in Kentucky appropriations may be used to offset the unbudgeted costs. Any transfer shall be subject to approval of the Governor upon the written recommendation of the Secretary of the Finance and Administration Cabinet pursuant to the written request of the Commissioner of Education. The per-month per-employee administrative assessment shall be remitted to the Personnel Cabinet by the Department of Education from the General Fund appropriation for local school district health and life insurance."

**"Kentucky School for the Blind and Kentucky School for the Deaf:** Included in the above General Fund appropriation is \$6,441,400 in fiscal year 2006-2007 and \$6,657,100 in fiscal year 2007-2008 for the Kentucky School for the Blind, and \$9,003,200 in fiscal year 2006-2007 and \$9,304,200 in fiscal year 2007-2008 for the Kentucky School for the Deaf."

**"Kentucky Education Technology System:** (a) Area Vocational Education Centers shall be fully eligible to participate in the Kentucky Education Technology System. Notwithstanding KRS 157.660, the School Facilities Construction Commission, in consultation with the Kentucky Board of Education and the Department of Education, shall develop administrative regulations which

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identify a methodology by which the average daily attendance for Area Vocational Education Centers may be equated to the average daily attendance of other local school districts in order that they may receive their respective distributions of these funds.

(b) The School for the Deaf and the School for the Blind shall be fully eligible, along with local school districts, to participate in the Kentucky Education Technology System in a manner that takes into account the special needs of the students of these two schools."

**"Family Resource and Youth Services Centers:** Funds appropriated to establish and support Family Resource and Youth Services Centers shall be transferred in fiscal year 2006-2007 and in fiscal year 2007-2008 to the Cabinet for Health and Family Services consistent with the intent of KRS 156.497. The Cabinet for Health and Family Services is authorized to use, for administrative purposes, no more than three percent of the total funds transferred from the Department of Education for the Family Resource and Youth Services Centers. If a certified person is employed as a director or coordinator of a Family Resource or Youth Services Center, that person shall retain his or her status as a certified employee of the school district.

If 70 percent or more of the funding level provided by the state is utilized to support the salary of the director of a center, that center shall provide a report to the Cabinet for Health and Family Services identifying the salary of the director. The Cabinet for Health and Family Services shall transmit any reports received from Family Resource and Youth Services Centers pursuant to this provision to the Legislative Research Commission."

**"Health Insurance:** Included in the above General Fund appropriation is \$517,808,000 in fiscal year 2006-2007 for employer contributions for health insurance and the contribution to the flexible spending account for employees waiving coverage. Included in the above General Fund appropriation is \$562,855,000 in fiscal year 2007-2008 for employer contributions for health insurance and the contribution to the flexible spending account for employees waiving coverage."

**"Learning and Results Services Programs:** Notwithstanding KRS 156.265, included in the above General Fund appropriation are the following allocations for the 2006-2008 fiscal biennium:

- (a) \$31,859,500 in each fiscal year for the Extended School Services Program;
- (b) \$51,850,700 in each fiscal year for the Family Resource and Youth Services Centers Program;
- (c) \$75,127,000 in each fiscal year for the Preschool Program;

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- (d) \$15,034,700 in each fiscal year for the Professional Development Program;
- (e) \$10,128,300 in each fiscal year for the Safe Schools Program;
- (f) \$19,500,000 in each fiscal year for the Education Technology Program;
- (g) \$21,700,100 in each fiscal year for the Textbooks Program;
- (h) \$1,504,100 in fiscal year 2006-2007 and \$1,507,900 in fiscal year 2007-2008 for the Commonwealth School

**Improvement Fund;**

- (i) \$5,624,900 in fiscal year 2006-2007 and \$5,649,800 in fiscal year 2007-2008 for the Highly Skilled Educators
- Program;
- (j) \$8,369,200 in each fiscal year for the Commonwealth Accountability Testing System (CATS);
  - (k) \$616,500 in each fiscal year for the Blind/Deaf Residential Travel Program;
  - (l) \$1,800,000 in each fiscal year for the Community Education Program;
  - (m) \$720,900 in each fiscal year for the Dropout Prevention Program;
  - (n) \$15,100,000 in fiscal year 2006-2007 and \$15,100,000 in fiscal year 2007-2008 for the Early Reading Incentive

**Grant/Read to Achieve Program;**

- (o) \$7,121,500 in each fiscal year for the Gifted and Talented Program;
- (p) \$4,276,700 in each fiscal year for the School Food Services match;
- (q) \$10,462,100 in each fiscal year for the State Agency Children Program;
- (r) \$1,600,000 in each fiscal year for the Teacher Academies Program;



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- (s) \$1,886,700 in each fiscal year for the Teacher Recruitment and Retention Program;
- (t) \$800,000 in each fiscal year for the Virtual Learning Program;
- (u) \$10,685,400 in each fiscal year for the Locally Operated Vocational Schools;
- (v) \$610,300 in each fiscal year for the Writing Program;
- (w) \$500,000 in each fiscal year for the Every1 Reads Program;
- (x) \$2,257,000 in fiscal year 2006-2007 and \$2,378,700 in fiscal year 2007-2008 for Local School District Life Insurance;
- (y) \$720,900 in each fiscal year for the Elementary Arts and Humanities Program;
- (z) \$3,900,000 in each fiscal year for the Mathematics Achievement Fund;
- (aa) \$387,500 in each fiscal year for the Middle School Academic Center;
- (ab) \$381,500 in each fiscal year for the Leadership and Mentor Fund;
- (ac) \$3,925,300 in each fiscal year for the Professional Growth Fund;
- (ad) \$250,000 in each fiscal year for the Save the Children/Rural Literacy Program;
- (ae) \$250,000 in fiscal year 2006-2007 and \$750,000 in fiscal year 2007-2008 for the Ready, Set, Success Program; and
- (af) The allocations referenced in Section (5) of this budget unit for Local School District Health Insurance."

**"Program Flexibility:** Notwithstanding KRS 157.226(2) and (3), 157.3175(3) and (4), and 160.345(8) with regard to the state allocation, five programs (Professional Development, Extended School Services, Preschool, Textbooks, and Safe Schools) shall continue to permit the state and local school districts additional flexibility in the distribution of program funds while still addressing the governing statutes and serving the need and the intended student population."

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**"Local District Grant Fund Carry Forward:** Notwithstanding KRS 45.229, up to ten percent of any non-SEEK state grant fund, other than any state grant fund for the Read to Achieve Program, appropriated to the Department of Education and disbursed to a local district that is unexpended during fiscal year 2006-2007 may be carried forward to fiscal year 2007-2008. Notwithstanding KRS 45.229, any state grant fund for the Read to Achieve Program in fiscal year 2006-2007 may be carried forward to fiscal year 2007-2008."

**"Highly Skilled Educators:** Notwithstanding KRS 158.6455(3), 158.782, and 160.350(3), the Kentucky Department of Education shall have the authority to expend moneys appropriated for the Highly Skilled Education Assistance Program on intervention services that may be required by the Federal No Child Left Behind Act of 2001 (Pub. L. 107-110)."

**"Commonwealth School Improvement Fund:** Notwithstanding KRS 158.805, the Commissioner of Education shall be authorized to use the Commonwealth School Improvement Fund to provide support services to schools needing assistance under KRS 158.6455 or in order to meet the requirements of No Child Left Behind."

**HOUSE REPORT**

The House concurs with the Branch with the following changes:

The House provides for a reduction in General Fund support totaling \$52,000,000 in fiscal year 2006-2007 and \$59,000,000 in fiscal year 2007-2008 for local district health insurance based on updated actuarial projections.

The House provides additional General Fund support totaling \$3,997,700 in each fiscal year for the Preschool Program to provide services to children under 200% of the federal poverty guidelines.

The House provides additional General Fund support totaling \$160,000 in fiscal year 2006-2007 and \$390,000 in fiscal year 2007-2008 for locally operated vocational schools to match the percentage increase in operating funding for the state operated vocational schools.

The House provides additional General Fund support totaling \$100,000 in each fiscal year for the Bath County Vocational and Technical School.

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The House provides additional General Fund support totaling \$250,000 in each fiscal year for the Save the Children rural literacy program.

The House provides additional General Fund support totaling \$600,000 in each fiscal year for the Community Education Program to establish programs in thirty additional counties.

The House provides additional General Fund support totaling \$430,000 in fiscal year 2007-2008 for the Partnership for Student Success Program.

The House provides additional General Fund support totaling \$100,000 in each fiscal year for School Based Health Centers.

The House provides additional General Fund support totaling \$15,000 in each fiscal year for an Internet 2 project in school district 177.

The House provides additional General Fund support totaling \$10,000 in each fiscal year for the At Risk program in school district 181.

The House provides additional General Fund support totaling \$500,000 in fiscal year 2006-2007 and \$1,000,000 in fiscal year 2007-2008 for the education of children in state agency programs.

The House provides additional General Fund support totaling \$500,000 in each fiscal year for the Safe Schools Program.

The House provides additional General Fund support totaling \$85,000 in fiscal year 2006-2007 and \$50,200 in fiscal year 2007-2008 for the Carpentry program at the Mayfield/Graves County Area Technology Center.

The House does not provide General Fund support totaling \$250,000 in fiscal year 2006-2007 and \$750,000 in fiscal year 2007-2008 for the Ready, Set, Success Program.

The House does not provide Coal Severance Funds totaling \$4,000,000 in fiscal year 2006-2007 and \$8,000,000 in fiscal year 2007-2008 for the Read to Achieve program.

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The House amends the State/Executive Branch Budget Bill, Part I, Operating Budget, to amend the following language provisions.

**"Health Insurance:** Included in the above General Fund appropriation is \$465,808,000 in fiscal year 2006-2007 for employer contributions for health insurance and the contribution to the flexible spending account for employees waiving coverage. Included in the above General Fund appropriation is \$503,855,000 in fiscal year 2007-2008 for employer contributions for health insurance and the contribution to the flexible spending account for employees waiving coverage."

**"Learning and Results Services Programs:** Notwithstanding KRS 156.265, included in the above General Fund appropriation are the following allocations for the 2006-2008 fiscal biennium:

- (a) \$31,859,500 in each fiscal year for the Extended School Services Program;
- (b) \$51,850,700 in each fiscal year for the Family Resource and Youth Services Centers Program;
- (c) \$79,124,700 in each fiscal year for the Preschool Program;
- (d) \$15,034,700 in each fiscal year for the Professional Development Program;
- (e) \$10,628,300 in each fiscal year for the Safe Schools Program;
- (f) \$85,000 in fiscal year 2006-2007 and \$50,200 in fiscal year 2007-2008 for the Mayfield/Graves County Area

Technology Center Carpentry Program;

- (g) \$21,700,100 in each fiscal year for the Textbooks Program;
- (h) \$1,504,100 in fiscal year 2006-2007 and \$1,507,900 in fiscal year 2007-2008 for the Commonwealth School

Improvement Fund;

- (i) \$5,624,900 in fiscal year 2006-2007 and \$5,649,800 in fiscal year 2007-2008 for the Highly Skilled Educators

Program;

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- (j) \$8,369,200 in each fiscal year for the Commonwealth Accountability Testing System (CATS);
- (k) \$616,500 in each fiscal year for the Blind/Deaf Residential Travel Program;
- (l) \$2,400,000 in each fiscal year for the Community Education Program;
- (m) \$720,900 in each fiscal year for the Dropout Prevention Program;
- (n) \$11,100,000 in fiscal year 2006-2007 and \$7,100,000 in fiscal year 2007-2008 for the Early Reading Incentive Grant/Read to Achieve Program;
- (o) \$7,121,500 in each fiscal year for the Gifted and Talented Program;
- (p) \$4,276,700 in each fiscal year for the School Food Services match;
- (q) \$10,962,100 in fiscal year 2006-2007 and \$11,462,000 in fiscal year 2007-2008 for the State Agency Children Program;
- (r) \$1,600,000 in each fiscal year for the Teacher Academies Program;
- (s) \$1,886,700 in each fiscal year for the Teacher Recruitment and Retention Program;
- (t) \$800,000 in each fiscal year for the Virtual Learning Program;
- (u) \$10,845,400 in fiscal year 2006-2007 and \$11,075,400 in fiscal year 2007-2008 for the Locally Operated Vocational Schools;
- (v) \$610,300 in each fiscal year for the Writing Program;
- (w) \$500,000 in each fiscal year for the Every1 Reads Program;
- (x) \$2,257,000 in fiscal year 2006-2007 and \$2,378,700 in fiscal year 2007-2008 for Local School District Life Insurance;

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- (y) \$484,400 in each fiscal year for the Elementary Arts and Humanities Program;
- (z) \$3,900,000 in each fiscal year for the Mathematics Achievement Fund;
- (aa) \$387,500 in each fiscal year for the Middle School Academic Center;
- (ab) \$381,500 in each fiscal year for the Leadership and Mentor Fund;
- (ac) \$3,925,300 in each fiscal year for the Professional Growth Fund;
- (ad) \$500,000 in each fiscal year for the Save the Children/Rural Literacy Program;
- (ae) \$100,000 in each fiscal year for the School Based Health Centers;
- (af) \$15,000 in each fiscal year for the Internet 2 project in School District 177;
- (ag) \$10,000 in each fiscal year for the At-Risk Program in School District 181; and
- (ah) The allocations referenced in Section (5) of this budget unit for Local School District Health Insurance."

The House amends the State/Executive Branch Budget Bill, Part I, Operating Budget, to include the following language provisions.

**"Publishing Requirements:** Notwithstanding KRS 158.6453(7), 160.463, and 424.220, public availability of the school district's complete annual financial statement and the school report card shall be made by publishing the documents in the newspaper of the largest general circulation in the county, electronically on the Internet, or by printed copy at a prearranged site at the main branch of the public library within the school district. If publication on the Internet or by printed copy at the public library is chosen, the superintendent shall be directed to publish notification in the newspaper of the largest circulation in the county as to the location where the document can be viewed by the public. The notification shall include the address of the library or the electronic address of the Web site on the Internet where the documents can be viewed."

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**Learning and Results Services**

**"Surplus Property:** Notwithstanding KRS 45A.045, 45.777, and 56.463, any funds received by the Commonwealth from the disposal of any surplus property at the Kentucky School for the Blind and the Kentucky School for the Deaf shall be deposited in a restricted account and shall not be expended without appropriation authority granted by the General Assembly."

**"Funds Transfer:** The Commissioner of the Department of Education may transfer any available funds between the Professional Growth Fund and the Professional Development Leadership Mentor Fund as needed to satisfy the demand and need to support respective teacher programs."

**"Locally Operated Vocational Programs:** Notwithstanding KRS 157.069, the supplemental funding distribution shall include Category II and III programs in districts established after June 21, 2001, with state assistance if approved by the Commissioner of Education."

**"Partnership for Student Success:** Included in the above General Fund appropriation is \$430,000 in fiscal year 2007-2008 for the Partnership for Student Success Program. These funds shall be expended to develop pilot programs to demonstrate effective strategies to increase community and parental involvement in K-12 education by providing additional tools for educators to improve instruction and promote student health and wellness."

**"School Calendar Evaluation:** The Kentucky Department of Education is directed to conduct an evaluation of school calendars. The primary purpose of this evaluation is to determine the impact of alternative school calendars, including the use of extended time beyond the six hour instructional day, shortened days or weeks, and year-round calendars. The evaluation shall investigate the positive and negative effects on students, including academic achievement, extracurricular activities, parental support, and community acceptance. The evaluation shall review the impact on school district operations and finances related to transportation, utilities, staffing, facilities, food service, and other costs associated with operating efficiencies. A preliminary report shall be made to the Interim Joint Committee on Education by November 15, 2006, and a final report, including recommendations for regulatory or statutory changes, shall be made to the Interim Joint Committee on Education by January 15, 2007."

**"Allocation of Safe School Funds:** Notwithstanding KRS 158.446, the Center for School Safety shall develop and implement allotment policies for all moneys received for the purposes of KRS 158.440, 158.441, 158.442, 158.445, and 158.446."

**"Community Education:** Included in the above General Fund appropriation is \$600,000 in each fiscal year to support the establishment of 30 additional community education programs."

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**Learning and Results Services**

**"Coordination With Head Start:** Each local district shall work with Head Start and other existing preschool programs to avoid duplication of services and programs, to avoid supplanting federal funds, to maximize Head Start funds in order to serve as many four year old children as possible, and shall maintain certification from the Head Start director that the Head Start Program is fully utilized. If a local district fails to comply with the requirements of this section, the Commissioner of the Department of Education shall withhold preschool funding for an amount equal to the number of Head Start eligible children served in the district who would have been eligible to be served by Head Start under the full utilization certification required under this section. The Commissioner of the Department of Education shall resolve any disputes and make a determination of the district's compliance with the full utilization requirement."



## HOUSE BUDGET REPORT - 2006 REGULAR SESSION OF THE GENERAL ASSEMBLY

## D - Department of Education

## Operating Budget

## Support Education Excellence in Kentucky (SEEK)

Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
Branch Budget	House Budget	Difference	Branch Budget	House Budget	Difference	Branch Budget	House Budget	Difference
<b>I. APPROPRIATIONS SUMMARY BY FUND SOURCE</b>								
General Fund	2,594,892,700	2,594,892,700	2,680,435,400	2,680,910,200	474,800	2,815,817,700	2,951,824,200	136,006,500
<b>Regular Total Funds</b>	<b>2,594,892,700</b>	<b>2,594,892,700</b>	<b>2,680,435,400</b>	<b>2,680,910,200</b>	<b>474,800</b>	<b>2,815,817,700</b>	<b>2,951,824,200</b>	<b>136,006,500</b>
Use of Continuing								
<b>TOTAL FUNDS</b>	<b>2,594,892,700</b>	<b>2,594,892,700</b>	<b>2,680,435,400</b>	<b>2,680,910,200</b>	<b>474,800</b>	<b>2,815,817,700</b>	<b>2,951,824,200</b>	<b>136,006,500</b>
<b>II. EXPENDITURE CATEGORY</b>								
Grants, Loans, Benefits	2,594,892,700	2,594,892,700	2,680,435,400	2,680,910,200	474,800	2,815,817,700	2,951,824,200	136,006,500
<b>TOTAL EXPENDITURES</b>	<b>2,594,892,700</b>	<b>2,594,892,700</b>	<b>2,680,435,400</b>	<b>2,680,910,200</b>	<b>474,800</b>	<b>2,815,817,700</b>	<b>2,951,824,200</b>	<b>136,006,500</b>
<b>III. BASE LEVEL BUDGET BY FUND SOURCE</b>								
General Fund	2,594,892,700	2,594,892,700	2,594,892,700	2,594,892,700		2,594,892,700	2,594,892,700	
<b>Regular Total Funds</b>	<b>2,594,892,700</b>	<b>2,594,892,700</b>	<b>2,594,892,700</b>	<b>2,594,892,700</b>		<b>2,594,892,700</b>	<b>2,594,892,700</b>	
Use of Continuing								
<b>TOTAL BASE LEVEL</b>	<b>2,594,892,700</b>	<b>2,594,892,700</b>	<b>2,594,892,700</b>	<b>2,594,892,700</b>		<b>2,594,892,700</b>	<b>2,594,892,700</b>	
<b>IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE</b>								
General Fund			85,542,700	86,017,500	474,800	220,925,000	356,931,500	136,006,500
<b>TOTAL ADDITIONAL</b>			<b>85,542,700</b>	<b>86,017,500</b>	<b>474,800</b>	<b>220,925,000</b>	<b>356,931,500</b>	<b>136,006,500</b>
<b>V. ADDITIONAL BUDGET ITEMS</b>								
<b>1 GB SEEK - Base Funding</b>								
ABR540S0025	Provide funds for base increase in SEEK exclusive of additional professional development and instructional days. HOUSE: Provide additional funds for certified compensation, classified compensation, Kindergarten funding and for the SEEK Base.							
General Fund			41,571,600	52,403,300	10,831,700	114,037,200	273,266,200	159,229,000
<b>Project Total</b>			<b>41,571,600</b>	<b>52,403,300</b>	<b>10,831,700</b>	<b>114,037,200</b>	<b>273,266,200</b>	<b>159,229,000</b>
<b>2 GB SEEK - Tier I</b>								
ABR540S0026	Provide funds for Tier I program based on equalization level of \$637,000 and projected ADA. HOUSE: Provide additional Tier I funding.							
General Fund			11,852,900	11,971,600	118,700	10,380,500	18,562,100	8,181,600
<b>Project Total</b>			<b>11,852,900</b>	<b>11,971,600</b>	<b>118,700</b>	<b>10,380,500</b>	<b>18,562,100</b>	<b>8,181,600</b>

## HOUSE BUDGET REPORT - 2006 REGULAR SESSION OF THE GENERAL ASSEMBLY

## D - Department of Education

## Operating Budget

## Support Education Excellence in Kentucky (SEEK)

Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
Branch Budget	House Budget	Difference	Branch Budget	House Budget	Difference	Branch Budget	House Budget	Difference
<b>3 GB</b>	<b>SEEK - Equalized Facility Programs</b>							
ABR540S0027	Provide funds for FSPK, Equalized Growth Nickel, Retroactive Equalized Facility Funding and Equalized Facility Funding. HOUSE: Provide additional facility funding in FY 2007-08.							
General Fund			8,146,000	8,146,000		2,931,900	5,551,000	2,619,100
<b>Project Total</b>			<b>8,146,000</b>	<b>8,146,000</b>		<b>2,931,900</b>	<b>5,551,000</b>	<b>2,619,100</b>
<b>4 GB</b>	<b>SEEK - KTRS Match</b>							
ABR540S0028	Provide funds for KTRS match for local school district certified staff. HOUSE: Provide additional funding based on additional salary compensation plan.							
General Fund			11,949,400	11,949,400		22,607,400	36,047,800	13,440,400
<b>Project Total</b>			<b>11,949,400</b>	<b>11,949,400</b>		<b>22,607,400</b>	<b>36,047,800</b>	<b>13,440,400</b>
<b>5 GB</b>	<b>SEEK - Secondary Vocational Education</b>							
ABR540S0029	Provide funds for ongoing operating costs for vocational programs.							
General Fund			351,200	351,200		858,400	858,400	
<b>Project Total</b>			<b>351,200</b>	<b>351,200</b>		<b>858,400</b>	<b>858,400</b>	
<b>6 EXPAN</b>	<b>SEEK - Instructional and Professional Development Days</b>							
ABR540S0003	Provide funds to add one (1) prof. dev. day in FY 2007 and two (2) instructional days in FY 2008. HOUSE: Does not provide funding for additional days.							
General Fund			10,921,600		(10,921,600)	49,359,600		(49,359,600)
<b>Project Total</b>			<b>10,921,600</b>		<b>(10,921,600)</b>	<b>49,359,600</b>		<b>(49,359,600)</b>
<b>7 EXPAN</b>	<b>SEEK - Incentive Compensation</b>							
ABR540S0006	Provide funds in second year of the biennium to provide for the enhanced compensation initiative for districts with an approved plan.							
General Fund						20,000,000	20,000,000	
<b>Project Total</b>						<b>20,000,000</b>	<b>20,000,000</b>	
<b>8 GB</b>	<b>SEEK - Vocational Education</b>							
ABR540S0005	Provide funds for the Office of Career and Technical Education request for operation of Warren, Pulaski, and Butler County Area Technology Centers.							
General Fund			750,000	750,000		750,000	750,000	
<b>Project Total</b>			<b>750,000</b>	<b>750,000</b>		<b>750,000</b>	<b>750,000</b>	
<b>9 EXPAN</b>	<b>SEEK - Facility Matching Grant</b>							
ABR540S0031	Provide funds for match for local funds for Performing Arts Center in school district 231.							
General Fund				200,000	200,000			
<b>Project Total</b>				<b>200,000</b>	<b>200,000</b>			

## HOUSE BUDGET REPORT - 2006 REGULAR SESSION OF THE GENERAL ASSEMBLY

## D - Department of Education

## Operating Budget

## Support Education Excellence in Kentucky (SEEK)

Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
Branch Budget	House Budget	Difference	Branch Budget	House Budget	Difference	Branch Budget	House Budget	Difference
<b>10 EXPAN SEEK - National Board Certified Teachers Program</b>								
ABR540S0032 Provide funds for projected growth in number of national board certified teachers receiving stipends.								
General Fund				246,000	246,000		646,000	646,000
<b>Project Total</b>				<b>246,000</b>	<b>246,000</b>		<b>646,000</b>	<b>646,000</b>
<b>11 GB SEEK - Limited English Proficiency</b>								
ABR540S0002 Provide funds to districts to support services to students with limited English proficiency.								
General Fund							1,250,000	1,250,000
<b>Project Total</b>							<b>1,250,000</b>	<b>1,250,000</b>
<b>TOTAL ADDITIONAL</b>			<b>85,542,700</b>	<b>86,017,500</b>	<b>474,800</b>	<b>220,925,000</b>	<b>356,931,500</b>	<b>136,006,500</b>

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**Support Education Excellence in Kentucky**

**BRANCH BUDGET**

The State/Executive Branch Budget Bill continues services and statutory programs in fiscal biennium 2006-2008 based upon extending the reduced fiscal year 2005-2006 funding level as revised by the Governor's fiscal year 2005-2006 Budget Stability Initiative. This initiative is projected to contribute \$142,500,000 to the General Fund during fiscal year 2005-2006.

The State/Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy addresses increments, retirement, health insurance, and personnel complement.

The State/Executive Branch Budget Bill provides a SEEK per pupil guarantee (including \$100 capital outlay) of \$3,505 in fiscal year 2006-2007 and \$3,669 in fiscal year 2007-2008 based on a projected average daily attendance (ADA) totaling 587,132 students in fiscal year 2006-2007 and 591,302 students in fiscal year 2007-2008.

The State/Executive Branch Budget Bill incorporates a consensus estimate reached by the Kentucky Department of Education and the Office of State Budget Director projecting a statewide assessed valuation of \$243,109,658,300 in fiscal year 2006-2007 and \$257,198,013,100 in fiscal year 2007-2008.

The State/Executive Branch Budget Bill incorporates an amount of \$637,000 as 150% of the statewide average per pupil assessment in each fiscal year of the biennium for programs eligible for equalization (Tier I component of SEEK, Facilities Support Program of Kentucky, Equalized Growth Nickel, Retroactive Equalized Facility Funding, and Equalized Facility Funding).

The State/Executive Branch Budget Bill continues the modified hold-harmless guarantee in fiscal biennium 2006-2008 which provides that every local school district will receive at least the same amount of SEEK state funding per pupil as was received in fiscal year 1991-1992.

The State/Executive Branch Budget Bill includes the continuation of the factor (.15) to be applied to the SEEK base per pupil guarantee to determine the "at-risk" funds to be included in the SEEK funding formula in fiscal biennium 2006-2008.

The State/Executive Branch Budget Bill, Part I, Operating Budget includes language provisions that direct:

**"Common School Fund Earnings:** Accumulated earnings for the Common School Fund shall be transferred in each fiscal year to the SEEK Program."

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**"Base SEEK Allotments:** The above appropriation includes \$2,088,307,900 in fiscal year 2006-2007 and \$2,195,862,700 in fiscal year 2007-2008 for the base SEEK Program as defined by KRS 157.360. Funds appropriated to the SEEK Program shall be allotted to school districts in accordance with KRS 157.310 to 157.440, except that the total of the funds allotted shall not exceed the appropriations for this purpose except as provided in this Act. Notwithstanding KRS 157.360(2)(c), included in the appropriation for the base SEEK Program is \$211,953,500 in fiscal year 2006-2007 and \$211,953,500 in fiscal year 2007-2008 for pupil transportation."

**"Tier I Component:** Included in the above appropriation is \$157,502,200 in fiscal year 2006-2007 and \$156,029,800 in fiscal year 2007-2008 for the Tier I component as established by KRS 157.440."

**"Vocational Transportation:** Included in the above appropriation is \$2,416,900 in fiscal year 2006-2007 and \$2,416,900 in fiscal year 2007-2008 for vocational transportation."

**"Secondary Vocational Education:** Included in the above appropriation is \$23,053,800 in fiscal year 2006-2007 and \$23,561,000 in fiscal year 2007-2008 to provide secondary vocational education in state-operated vocational schools."

**"Teachers' Retirement System Employer Match:** Included in the above appropriation is \$320,449,700 in fiscal year 2006-2007 and \$336,773,800 in fiscal year 2007-2008 to enable local school districts to provide the employer match for qualified employees as provided for by KRS 161.550. Included within the above appropriation is \$2,317,300 in fiscal year 2007-2008 for the employer match associated with the enhanced professional compensation program."

**"Salary Supplements for Nationally Certified Teachers:** Notwithstanding KRS 157.395, included in the above appropriation is \$1,858,000 in fiscal year 2006-2007 and \$1,858,000 in fiscal year 2007-2008 for the purpose of providing salary supplements for teachers attaining certification by the National Board for Professional Teaching Standards."

**"Allocation of SEEK Funds:** Notwithstanding KRS 157.360(2)(c), the above appropriation to the base SEEK Program is intended to provide a base guarantee of \$3,505 per student in average daily attendance in fiscal year 2006-2007 and \$3,669 per student in average daily attendance in fiscal year 2007-2008 as well as to meet the other requirements of KRS 157.360.

Nothing in this Act shall be construed as prohibiting the contracting out of pupil transportation services.

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**Support Education Excellence in Kentucky**

Funds appropriated to the SEEK Program shall be allotted to school districts in accordance with KRS 157.310 to 157.440, except that the total of the funds allotted shall not exceed the appropriations for this purpose except as provided in this Act. The total appropriation for the SEEK Program shall be measured by, or construed as, estimates of the state expenditures required by KRS 157.310 to 157.440. If the required expenditures exceed these estimates, the Secretary of the Finance and Administration Cabinet, upon the written request of the Commissioner of Education and with approval of the Governor, may increase the appropriation by such amount as may be available and necessary to meet, to the extent possible, the required expenditures under the cited sections of the Kentucky Revised Statutes, but any increase of the total appropriation to the SEEK Program is subject to Part III, General Provisions, of this Act, and the provisions of KRS Chapter 48. If funds appropriated to the SEEK Program are insufficient to provide the amount of money required under KRS 157.310 to 157.440, allotments to local school districts may be reduced in accordance with KRS 157.430."

**"Local School District Certified and Classified Employee Pay Policy:** Notwithstanding KRS 157.420, during fiscal year 2006-2007, local school districts shall provide all certified and classified staff a salary or compensation increase of not less than two percent and, during fiscal year 2007-2008, local school districts shall provide all certified and classified staff a salary or compensation increase of not less than two percent. The above pay increases in fiscal year 2006-2007 and fiscal year 2007-2008 shall be in addition to the normal rank and step increase attained by certified personnel employed by local school districts. Included in the above appropriation in fiscal year 2007-2008 is \$17,682,700 to implement an enhanced professional compensation program. Notwithstanding KRS 157.075, these funds shall be distributed on a per pupil basis to local school districts which have submitted a professional compensation enhancement plan that has been developed with postsecondary education technical assistance and which will assist in addressing needs identified in the district or school's scholastic audit if relevant and which is approved by the Commissioner of the Department of Education in accordance with KRS 157.075 and 702 KAR 3:310. Also included in the above appropriation is \$9,656,200 in fiscal year 2006-2007 and \$35,210,000 in fiscal year 2007-2008 to extend the school term in fiscal year 2006-2007 by one professional development day for classroom teachers as defined by the Commissioner of the Department of Education, and to extend the school term in fiscal year 2007-2008 by an additional two instructional days. Local boards of education that have, during or prior to the 2005-2006 school term, exercised the authority granted under KRS 158.070 to extend the school terms beyond 185 days, may expend the additional funds made available to them for the additional professional development and instructional days provided in the above appropriation for other purposes so long as the resulting school term is equal to at least 188 days."

**"Final SEEK Calculation:** Notwithstanding KRS 157.410, on or before March 1 of each year, the chief state school officer shall determine the exact amount of the public common school fund to which each district is entitled and the remainder of the amount due

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each district for the year shall be distributed in equal installments beginning the first month after completion of final calculation and for each successive month thereafter."

**"SEEK Adjustment Factors:** Funds allocated for the SEEK base and its adjustment factors that are not needed for the base or a particular adjustment factor may be allocated to other adjustment factors, if funds for that adjustment factor are not sufficient."

**"Facilities Support Program of Kentucky/Equalized Nickel Levies:** Included in the above appropriation is \$67,749,100 in fiscal year 2006-2007 and \$63,970,600 in fiscal year 2007-2008 to provide facilities equalization funding pursuant to KRS 157.440 and 157.620. Included in the above appropriation is \$12,177,600 in fiscal year 2006-2007 and \$11,134,200 in fiscal year 2007-2008 to provide facilities equalization funding pursuant to KRS 157.440, 157.620, and 157.621(2) and (3) for local school districts which have: (a) Levied the additional tax pursuant to KRS 157.621 for debt service and new facilities as of fiscal year 2003-2004; (b) Levied the five cents under the provisions of KRS 157.440; (c) Met the growth requirements in KRS 157.621(2) in fiscal year 2004-2005; and (d) Levied an additional nickel tax pursuant to KRS 157.621 in addition to (a) and (b) of this section."

**"Retroactive Equalized Facility Funding:** Included in the above appropriation is \$2,302,600 in fiscal year 2006-2007 and \$2,076,400 in fiscal year 2007-2008 to provide equalized facility funding to districts meeting the following eligibility requirements: A local board of education that levied a tax rate subject to recall in fiscal year during or prior to fiscal year 2003-2004 in addition to the five cents levied pursuant to KRS 157.440(1)(b) and that committed the receipts to debt service, new facilities, or major renovations of existing facilities shall be eligible for equalization funds from the state at 150 percent of the statewide average per pupil assessment. The equalization funds shall be used as provided in KRS 157.440(1)(b)."

**"Equalized Facility Funding:** Included in the above General Fund appropriation is \$4,617,600 in fiscal year 2006-2007 and \$4,451,600 in fiscal year 2007-2008 to provide equalized facility funding to districts meeting the following eligibility requirements: (a) The board of education has levied at least a ten cent equivalent tax rate for building purposes or has debt service of at least a ten cent equivalent tax rate as of February 24, 2005; (b) The district has not received equalized growth facility funding as a result of 2005 Ky. Acts ch. 173, Part I, D. Department of Education, 4. Support Education Excellence in Kentucky (SEEK) Program; and (c) The district has received approval by the Commissioner of Education. Eligible districts shall receive equalization funds from the state at 150 percent of the statewide average per pupil assessment, and these funds shall be used as provided in KRS 157.440(1)(b)."

**"School Employee Flexible Spending Account Funds Transfer:** Any funds remaining in flexible spending accounts of employees of local school districts for calendar year 2006 and calendar year 2007 shall be transferred to the credit of the General Fund."

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**Support Education Excellence in Kentucky**

**HOUSE REPORT**

The House concurs with the Branch with the following changes:

The House provides additional General Fund support totaling \$24,000,000 in fiscal year 2007-2008 for an additional 1% salary increase for certified staff, including associated retirement match.

The House provides additional General Fund support totaling \$72,000,000 in fiscal year 2007-2008 for a salary equity pool for certified staff, including associated retirement match.

The House provides additional General Fund support totaling \$27,000,000 in fiscal year 2007-2008 for additional salary increases for classified staff.

The House provides additional General Fund support totaling \$26,600,000 in fiscal year 2007-2008 for an additional 1% increase in the SEEK per pupil base.

The House provides for a factor of 0.075 in fiscal year 2006-2007 and 0.096 in fiscal year 2007-2008 to be applied to the SEEK base per pupil guarantee to determine the limited English proficiency funds to be included in the SEEK funding formula. The House provides additional General Fund support totaling \$1,250,000 in fiscal year 2007-2008 for the increase in the factor for limited English proficiency.

The House does not concur with language requiring an additional professional development day in each year of the biennium and two additional instructional days in fiscal year 2007-2008. The House does not provide General Fund support totaling \$49,359,600 in fiscal year 2007-2008 for the additional professional development and instructional days.

The House provides additional General Fund support totaling \$246,000 in fiscal year 2006-2007 and \$646,000 in fiscal year 2007-2008 for projected growth in the number of teachers receiving stipends after attaining National Board Certification.

The State/Executive Branch Budget Bill provides a SEEK per pupil guarantee (including \$100 capital outlay) of \$3,508 in fiscal year 2006-2007 and \$3,789 in fiscal year 2007-2008 based on a projected average daily attendance (ADA) totaling 586,979 students in fiscal year 2006-2007 and 597,952 students in fiscal year 2007-2008.



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**Support Education Excellence in Kentucky**

The House amends the State/Executive Branch Budget Bill, Part I, Operating Budget, to amend the following language provisions.

**"Base SEEK Allotments:** The above appropriation includes \$2,089,483,300 in fiscal year 2006-2007 and \$2,311,596,500 in fiscal year 2007-2008 for the base SEEK Program as defined by KRS 157.360. Funds appropriated to the SEEK Program shall be allotted to school districts in accordance with KRS 157.310 to 157.440, except that the total of the funds allotted shall not exceed the appropriations for this purpose except as provided in this Act. Notwithstanding KRS 157.360(2)(c), included in the appropriation for the base SEEK Program is \$211,953,500 in fiscal year 2006-2007 and \$211,953,500 in fiscal year 2007-2008 for pupil transportation."

**"Tier I Component:** Included in the above appropriation is \$157,620,900 in fiscal year 2006-2007 and \$164,211,400 in fiscal year 2007-2008 for the Tier I component as established by KRS 157.440."

**"Teachers' Retirement System Employer Match:** Included in the above appropriation is \$319,184,300 in fiscal year 2006-2007 and \$345,600,000 in fiscal year 2007-2008 to enable local school districts to provide the employer match for qualified employees as provided for by KRS 161.550. Included within the above appropriation is \$2,317,300 in fiscal year 2007-2008 for the employer match associated with the enhanced professional compensation program."

**"Salary Supplements for Nationally Certified Teachers:** Notwithstanding KRS 157.395, included in the above appropriation is \$2,104,000 in fiscal year 2006-2007 and \$2,504,000 in fiscal year 2007-2008 for the purpose of providing salary supplements for teachers attaining certification by the National Board for Professional Teaching Standards."

**"Allocation of SEEK Funds:** Notwithstanding KRS 157.360(2)(c), the above appropriation to the base SEEK Program is intended to provide a base guarantee of \$3,508 per student in average daily attendance in fiscal year 2006-2007 and \$3,789 per student in average daily attendance in fiscal year 2007-2008 as well as to meet the other requirements of KRS 157.360.

Nothing in this Act shall be construed as prohibiting the contracting out of pupil transportation services.

Funds appropriated to the SEEK Program shall be allotted to school districts in accordance with KRS 157.310 to 157.440, except that the total of the funds allotted shall not exceed the appropriations for this purpose except as provided in this Act. The total appropriation for the SEEK Program shall be measured by, or construed as, estimates of the state expenditures required by KRS 157.310 to 157.440. If the required expenditures exceed these estimates, the Secretary of the Finance and Administration Cabinet, upon the written request of the Commissioner of Education and with approval of the Governor, may increase the appropriation by

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such amount as may be available and necessary to meet, to the extent possible, the required expenditures under the cited sections of the Kentucky Revised Statutes, but any increase of the total appropriation to the SEEK Program is subject to Part III, General Provisions, of this Act, and the provisions of KRS Chapter 48. If funds appropriated to the SEEK Program are insufficient to provide the amount of money required under KRS 157.310 to 157.440, allotments to local school districts may be reduced in accordance with KRS 157.430."

**"Local School District Certified and Classified Employee Pay Policy:** Notwithstanding KRS 157.420, during fiscal year 2006-2007, local school districts shall provide all certified and classified staff a salary or compensation increase of not less than two percent and, during fiscal year 2007-2008, local school districts shall provide all certified and classified staff a salary or compensation increase of not less than two percent. The above pay increases in fiscal year 2006-2007 and fiscal year 2007-2008 shall be in addition to the normal rank and step increase attained by certified personnel employed by local school districts. Included in the above appropriation in fiscal year 2007-2008 is \$17,682,700 to implement an enhanced professional compensation program. Included in the above General Fund appropriation is \$111,876,900 in fiscal year 2007-2008 for additional certified and classified staff compensation."

**"Facilities Support Program of Kentucky/Equalized Nickel Levies:** Included in the above appropriation is \$67,749,200 in fiscal year 2006-2007 and \$65,688,100 in fiscal year 2007-2008 to provide facilities equalization funding pursuant to KRS 157.440 and 157.620. Included in the above appropriation is \$12,177,600 in fiscal year 2006-2007 and \$11,884,800 in fiscal year 2007-2008 to provide facilities equalization funding pursuant to KRS 157.440, 157.620, and 157.621(2) and (3) for local school districts which have: (a) Levied the additional tax pursuant to KRS 157.621 for debt service and new facilities as of fiscal year 2003-2004; (b) Levied the five cents under the provisions of KRS 157.440; (c) Met the growth requirements in KRS 157.621(2) in fiscal year 2004-2005; and (d) Levied an additional nickel tax pursuant to KRS 157.621 in addition to (a) and (b) of this section."

**"Retroactive Equalized Facility Funding:** Included in the above appropriation is \$2,302,500 in fiscal year 2006-2007 and \$2,136,200 in fiscal year 2007-2008 to provide equalized facility funding to districts meeting the following eligibility requirements: A local board of education that levied a tax rate subject to recall in fiscal year during or prior to fiscal year 2003-2004 in addition to the five cents levied pursuant to KRS 157.440(1)(b) and that committed the receipts to debt service, new facilities, or major renovations of existing facilities shall be eligible for equalization funds from the state at 150 percent of the statewide average per pupil assessment. The equalization funds shall be used as provided in KRS 157.440(1)(b)."

**"Equalized Facility Funding:** Included in the above General Fund appropriation is \$4,617,700 in fiscal year 2006-2007 and \$4,542,600 in fiscal year 2007-2008 to provide equalized facility funding to districts meeting the following eligibility requirements:

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(a) The board of education has levied at least a ten cent equivalent tax rate for building purposes or has debt service of at least a ten cent equivalent tax rate as of February 24, 2005; (b) The district has not received equalized growth facility funding as a result of 2005 Ky. Acts ch. 173, Part I, D. Department of Education, 4. Support Education Excellence in Kentucky (SEEK) Program; and (c) The district has received approval by the Commissioner of Education. Eligible districts shall receive equalization funds from the state at 150 percent of the statewide average per pupil assessment, and these funds shall be used as provided in KRS 157.440(1)(b)."

The House amends the State/Executive Branch Budget Bill, Part I, Operating Budget, to include the following language provisions.

**"Facility Matching Grant:** Included in the above General Fund appropriation is \$200,000 in fiscal year 2006-2007 for a matching grant to complete a performing arts center in school district 231."

**"Local Revenue:** For calendar year 2006 and calendar year 2007, a district board of education may levy a general rate that will produce revenue from real property, exclusive of revenue from new property, that is up to four percent over the amount of revenue produced by the compensating tax rate as defined in KRS 132.010."

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## HOUSE BUDGET REPORT - 2006 REGULAR SESSION OF THE GENERAL ASSEMBLY

**D - Department of Education****Operating Budget****Department of Education**

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	House Budget	Difference	Branch Budget	House Budget	Difference	Branch Budget	House Budget	Difference
<b>TRANSFERS TO THE GENERAL FUND</b>									
<b>Department of Education</b>									
School Districts Flexible	7,000,000	7,000,000		12,000,000	12,000,000		12,000,000	12,000,000	
Spending Account									
Expendable Trust Fund									
<b>TOTAL</b>	<b>7,000,000</b>	<b>7,000,000</b>		<b>12,000,000</b>	<b>12,000,000</b>		<b>12,000,000</b>	<b>12,000,000</b>	

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